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EXAMINER

PATEL, JAGDISH

ART UNIT

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

| | | | |
|------------------------------|--------------------------------------|-------------------------------------|--|
| Office Action Summary | Application No. 09/488,107 | Applicant(s) FRISS ET AL. | |
| | Examiner JAGDISH N. PATEL | Art Unit 3693 | |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 19 October 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 34-38, 41, 43-52, 54-57, 59-141 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☒ Claim(s) 59-61, 70, 73-101, 110-114, 119-122, 131, 132 and 137-141 is/are allowed.
- 6) ☒ Claim(s) 35-38, 46, 49-52, 54-57, 62-69, 71, 102-107, 115-118, 123-130 and 133-136 is/are rejected.
- 7) ☒ Claim(s) 34, 41, 43-45, 47, 48, 72, 108 and 109 is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

In view of the appeal brief filed on **10/19/09**, PROSECUTION IS HEREBY REOPENED. New grounds of rejection are set forth below.

To avoid abandonment of the application, appellant must exercise one of the following two options:

(1) file a reply under 37 CFR **1.111** (if this Office action is non-final) or a reply under 37 CFR **1.113** (if this Office action is final); or,

(2) initiate a new appeal by filing a notice of appeal under 37 CFR **41.31** followed by an **appeal brief under 37 CFR 41.37**. The previously paid notice of appeal fee and appeal brief fee can be applied to the new appeal. If, however, the appeal fees set forth in 37 CFR **41.20** have been increased since they were previously paid, then appellant must pay the difference between the increased fees and the amount previously paid.

A Supervisory Patent Examiner (SPE) has approved of reopening prosecution by signing below:

Status of the Claims:

Claims 34-38, 41, 43-52, 56-57, 54-57 and 59-69, 70-109 and 108-141 are currently pending.

Claim 70 is allowed noting that all process steps of the claim are carried out on a programmed computer.

General Notes on Examination of the presented claims:

(i) There are numerous terms in the claims which are descriptive terms that do not alter the manipulative process or structure of the claim. Examples:

“potential purchasers” and “initially offering” (see claim 71) are treated as purchasers and offering respectively since these terms do not alter the computer programmed instruction of offering, receiving and allocating.

such descriptive terms are not accorded any patentable weight.

(ii) Claim scope is not limited by claim language that suggests or makes optional but does not require steps to be performed, or by claim language that does not limit a claim to a particular structure. However, examples of claim language, although not exhaustive, that may raise a question as to the limiting effect of the language in a claim are:

(A) "adapted to" or "adapted for" clauses;

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(B) "wherein" clauses; and

(C) "whereby" clauses.

The determination of whether each of these clauses is a limitation in a claim depends on the specific facts of the case. In *Hoffer v. Microsoft Corp.*, 405 F.3d 1326, 1329, 74 USPQ2d 1481, 1483 (Fed. Cir. 2005), the court held that when a "'whereby' clause states a condition that is material to patentability, it cannot be ignored in order to change the substance of the invention." *Id.* However, the court noted (quoting *Minton v. Nat'l Ass'n of Securities Dealers, Inc.*, 336 F.3d 1373, 1381, 67 USPQ2d 1614, 1620 (Fed. Cir. 2003)) that a "'whereby clause in a method claim is not given weight when it simply expresses the intended result of a process step positively recited.'" *Id.*<

Example: claim 71 which recites "whereby the allocated collectibles are of the predetermined condition and the issuer may guarantee the condition of the allocated collectibles." This phrase simply expresses the intended result of process steps a), b), c) and e).

(iii) The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim: (A) statements of intended use or field of use, (B) "adapted to" or "adapted for" clauses, (C) "wherein" clauses, or (D) "whereby" clauses.

This list of examples is not intended to be exhaustive. See also MPEP § 2111.04.

****>**USPTO personnel are to give claims their broadest reasonable interpretation in light of the supporting disclosure. *In re Morris*, 127 F.3d 1048, 1054-55, 44 USPQ2d 1023, 1027-28 (Fed. Cir. 1997). Limitations appearing in the specification but not recited in the claim should not be read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369, 67 USPQ2d 1947, 1950 (Fed. Cir. 2003) (claims must be interpreted "in view of the specification" without importing limitations from the specification into the claims unnecessarily). *In re Prater*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-551 (CCPA 1969). See also *In re Zletz*, 893 F.2d 319, 321-22, 13 USPQ2d 1320, 1322 (Fed. Cir. 1989) ("During patent examination the pending claims must be interpreted as broadly as their terms reasonably allow

The reason is simply that during patent prosecution when claims can be amended, ambiguities should be recognized, scope and breadth of language explored, and clarification imposed

An essential purpose of patent examination is to fashion claims that are precise, clear, correct, and unambiguous. Only in this way can uncertainties of claim scope be removed, as much as possible, during the administrative process.").

(iv) Where an explicit definition is provided by the applicant for a term, that definition will control interpretation of the term as it is used in the claim. *Toro Co. v.*

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White Consolidated Industries Inc., 199 F.3d 1295, 1301, 53 USPQ2d i065, 1069 (Fed. Cir. 1999) (meaning of words used in a claim is not construed in a "lexicographic vacuum, but in the context of the specification and drawings."). Any special meaning assigned to a term "must be sufficiently clear in the specification that any departure from common usage would be so understood by a person of experience in the field of the invention." Multifarm Desiccants Inc. v. Medzam Ltd., 133 F.3d 1473, 1477, 45 USPQ2d 1429, 1432 (Fed. Cir. 1998). See also MPEP § 2111.01.

(v) While the specification can be examined for proper context of a claim term, limitations from the specification will not be imported into the claims. CollegeNet, Inc. v. Apply Yourself Inc., 418 F.3d 1225, 1231 (Fed. Cir. 2005).

(vi) A claim containing a recitation with respect to the manner in which a claimed apparatus is intended to be employed does not differentiate the claimed apparatus from a prior art apparatus" if the prior art apparatus teaches all the structural limitations of the claim. Ex parte Masham, 2 USPQ2d 1647, 1648 (Bd. Pat. App. & Inter. 1987).

(vii) Regarding patentability of claimed subject matter, the court explains that "the use of a specific machine or transformation of an article must impose meaningful limits on the claim's scope to impart patent-eligibility" and "the involvement of the machine or transformation in the claimed process must not merely be insignificant extra-solution activity." Bilski, at 961-62 (internal citations omitted). As Comiskey recognized, "the mere use of the machine to collect data necessary for application of the mental process may not make the claim patentable subject matter." Comiskey, 499 F.3d at 1380 (citing In re Grams, 888 F.2d 835, 839-40 (Fed. Cir. 1989)).

Claim Objections

Claim 46 is improper as being dependent on cancelled claim 33. This claim has not been further examined.

Claim Rejections - 35 USC § 112

Claim 37, 38, 50-52, 56-57 and 118 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 37-38 recite limitation "said secondary market" which lacks positive antecedent basis in the claim.

Claims 50-52 and 56-57 recite limitation "the allocated collectibles" which lacks positive antecedent basis in the claim.

Claim 57 recite limitation "said second offering" which lacks positive antecedent basis in the claim.

Claim 118 recites limitation "the collectibles" and "the plurality of collectibles" which lacks positive antecedent basis in the claim.

The lack of antecedent basis in each of the aforementioned claims renders the respective claims indefiniteness. Appropriate correction(s) is required.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 115-136 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

In order for a process to be statutory under 35 U.S.C. 101 it must (1) be tied to another statutory class (such as a particular apparatus or machine) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. See recent decision by The U.S. Court of Appeals for the Federal Circuit decision in *Bilski* which Established Machine-Or-Transformation Test for statutory process. Prior to this in *Gottschalk v. Benson*, 409 U.S. 63, 71, 93 S.Ct. 253, 34 L.Ed.2d 273 (1972), the Supreme Court reiterated the proposition that "a process patent must either be tied to a particular machine or apparatus or must operate to change articles or materials to a `different state or thing.'" The Court referred to the well established definition of "process" stated in *Cochrane v. Deener*, 94 U.S. 780, 788, 24 L.Ed. 139 (1877). "A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing." Alternatively, "A process is a mode of treatment of certain materials to produce a given result. It is an act, a series of acts, performed upon the subject- matter to be transformed and reduced to a different state or thing." 308 F3d 1304 *Schumer v. Laboratory Computer Systems Inc*, 64 USPQ2d 1832, 1838 n 6 (Fed. Cir.2002).

Claims 115-122 recites steps a) - c) as being implemented by a programmed computer since all steps are deemed nominal steps of data gathering or post solution activity. For example, step a) is communication to the purchaser that the collectible is available for sale (e.g. via an e-mail message on the computer), step b) is broadly

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interpreted as further communicating information concerning the sale between the source (i.e. the seller) and the purchaser and step c) is data gathering step .

Thus, in each of the steps, the role of the computer is limited to nominal steps of data gathering and/or post-solution activity. Such nominal steps are not enough to convert the claimed process into a statutory process since the use of the computer in the process is deemed nominal or incidental. (Incidental physical limitations, such as data gathering, field of use limitations, and post-solution activity are not enough to convert an "abstract idea" into a statutory process, see citing of Lundgren in *Ex parte Bilski*, BPAI informative decision dated march 8,2006, see pages 21-22). Dependent claims 116-118 do not resolve this defect and stand rejected under 35 USC 101 for the same rationale. Also Note: Nominal recitations of structure in a method claim do not convert an otherwise ineligible claim into an eligible one. *Bilski*, at 957. *See also Benson*, 409 U.S. at 68-69 (comparing *O'Reilly v. Morse*, 56 U.S. (15 How.) 62 (1854), to *The Telephone Cases*, 126 U.S. 1 (1888)...)

Independent claim 119 is analyzed in a similar manner. The claim does not specify how (or in any specific manner) steps a) through c) are implemented and facilitating is interpreted as some unspecified involvement of the computer.

Thus steps of offering, and facilitating are nothing more than nominal data communication between the parties involved in the process.

Dependent claims 120-122 do not resolve this deficiency and therefore stand rejected under 35 USC 101.

Independent claim 123 is analyzed in a similar manner. The claim recites steps a) and b) both are mere communication of messages via the programmed computer and thus are treated as nominal recitations of the computer.

Dependent claims 124-130 do not resolve this deficiency and therefore stand rejected under 35 USC 101.

Claims 131 and 132 are also rejected under 35 USC 101 as being non-statutory on same grounds of rejection as presented supra. The claim recites that steps b)-d) are implemented “in-part” by the computer suggesting that the involvement of the computer is minimal and unspecified. Each step may be performed partly by a human entity with the aid of the computer. For example, determining the successful purchasers is performed based on the responses received at the computer, thus a partial involvement of the computer.

Claims 133-136 recite the process steps of facilitating the first purchaser to offer, constructing database and transferring ownership as manipulative steps which are implemented by a programmed computer. Each of the steps are interpreted as nominal or extra-solution activity. For example, the construction of data base and editing records constitute nominal recitations of the computer in the method claims and do not convert an otherwise ineligible claim into an eligible one.

Claim Rejections - 35 USC § 102

Claims 123-130: are rejected under 35 U.S.C. 102(b) as being anticipated by Woolston.

Claim 123. Woolston teaches a method of managing a sale of at least one collectible to at least one original purchaser on a primary market, a resale of the one sold collectible to at least one subsequent purchaser on a secondary market, and keeping track of these sale and resale of the one collectible respectively to the one original purchaser and to the one subsequent purchaser on a data base, (refer to feature of resale of

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goods, col. 1 L 64-68, col. 3 L 35-52, "post a new ..offer") said method comprising the steps of

a) responding to the sale on the market of the one sold collectible to the one original purchaser to create a record in the data base for receiving data identifying the one sold collectible and the one original purchaser who owns the one collectible (col. 3 L 35-52, refer to Fig. 12 , "sold" and "fore sale" database), col. 14 L 57-63);

b) responding to the resale on the market of the one resold collectible to the one subsequent purchaser to create a record in the data base for receiving data identifying the one subsequent purchaser of the one resold collectible;
(col. 3 L 35-52, refer to Fig. 12 , sold" and "fore sale" database), col. 14 L 57-63);

and

c) said steps a) and b) being implemented by a programmed computer (refer to Fig. 12 , sold" and "fore sale" database), col. 14 L 57-63);

Claim 124. wherein the sale of the one collectible includes the offering of collectibles to potential purchasers and receiving orders from the ordering potential purchasers, and said step a) responds to the receiving of each of the orders of potential purchasers to create a record in the data base for receiving data identifying one of the potential purchasers (refer to Fig. 12 , "sold" and "fore sale" database), col. 14 L 57-63);

Claim 125-128. further including a step of maintaining the condition of the one collectible (refer to claim 71 step c) and claims 104-107 analysis).

Claim 129. further including a step of receiving and responding to a request of the original purchaser to forward the one sold collectible and to encapsulate the one sold collectible, whereby the condition of the forwarded one collectible is maintained (col. 12 L 59-66 and Col. 18 L 1-5, long term storage).

Claim 130. further including a step of receiving and responding to a request of the subsequent purchaser to forward the one resold collectible to the subsequent purchaser and to encapsulate the one resold collectible, whereby the condition of the forwarded one collectible is maintained (Col. 12 L 56-59, participant elects to ship goods).

Claims 49 and 54-56 is rejected under 35 U.S.C. 102(e) as being anticipated by Ephrati.

Claim 49: Ephrati teaches a method of operating a server (auction server 220, Fig. 6) to receive over a network at least one order for collectibles from at least one of a plurality of potential purchasers, said server being programmed to implement said method comprising the steps of:

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- a) providing at the server a purchaser history database (See "bidding history" in context of the Clearer 154 functions);
- b) offering for sale an initial placement of a predetermined number of collectibles (Field of Invention col. 1, traders are potential purchasers of widgets and are offered in a predetermined quantity, see col. 6 titled (b) Constraints which recites that a quantity of widgets are offered for sale.)
- c) receiving from one of the potential purchasers at least one order for a selected number of collectibles (See Claim 1 which recites in part "a universal trading console configured to receive during the market phase of the auction a first bid for an item having a fixed quantity from a first trader over the network, wherein the first bid has a first bid price and a first bid quantity, the first bid being one of a plurality of bids from a plurality of traders during the market phase)
- d) creating in response to the received one order an account in the purchaser history database for its potential purchaser, each account including a record of the purchasing activity of its potential purchaser (See "bidding history" in context of the Clearer 154 functions)

Claim 54. The method of operating a server as claimed in claim 49, wherein there is further included a step of allocating said collectibles to the purchasers in accordance with an algorithm, said algorithm setting a number of collectibles to be allocated to each of the purchasers in accordance with said purchasing activity of the corresponding purchaser.

(see col. 5 L 25+ Operation of Clearer and col. 6 (b) Constraints which describes an algorithm for allocation).

Claim 55. The method of operating a server as claimed in claim 54, wherein said algorithm sets the number of said collectibles to be allocated to each of the purchasers as a function proportional to said number of received orders from each purchaser.

(see col. 5 L 25+ Operation of Clearer)

Claim 56. The method of operating a server as claimed in claim 49, wherein there is further included the step of updating the record of the purchaser who made at least one order in the first mentioned offering with data indicative of the purchaser's allocated collectible(s).

(see col. 5 L 25+ Operation of Clearer)

Claim Rejections - 35 USC § 103

Claims 71, 72, 35-36, 49, and 102 -103 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ephrati et al. (US Pat. 7,558,752) further in view of Woolston (US 6,266, 651)

Claim 71: Ephrati et al. (US Pat. 7,558,752) (hereafter Ephrati) teaches a method of facilitating an issuer of collectibles for sale, each collectibles having a predetermined condition said method comprising steps of:

a) offering for sale the collectibles to potential purchasers for a period of time (Field of Invention col. 1, traders are potential purchasers of widgets and are offered in an auction which inherently runs for a period of time, see col. 6 titled (b) Constraints which recites that the widgets are offered for sale.)

b) receiving orders from the ordering purchasers (see col. 6 titled (b) Constraints which concerns allocation of widgets (collectibles) to potential purchasers).

c) allocating the offered collectibles among selected of the ordering potential purchasers (see col. 6 titled (b) Constraints which describes the allocation of the fixed quantity of widgets)

d) facilitating steps a)-c) by a programmed computer (Fig. 1a and 1b).

Ephrati does not teach, however, Woolston teaches step e) maintaining condition of collectibles .. (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles).

It would have been obvious to one of ordinary skill in art at the time of the invention to combine Ephrati and Woolston whereby specific types pf widgets such as collectibles may be offered for sale using teaching of Ephrati since as disclosed by Woolston maintaining condition of the offered widgets (i.e. collectibles) would also maintain the market value of the widgets.

Claim 72. The method of managing an offering of collectibles for sale as claimed in claim 71, therein is further included the step of determining whether the number of ordered collectibles exceeds the predetermined number of offered collectibles and, if so,

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allocating the predetermined number of offered collectibles among the ordering purchasers. (Please refer to col. 5 (a) Operation of Clearer)

Claim 35: Ephrati teaches the offering widgets which is patentably equivalent to any merchandise or item including collectible cards.

Claims 36. Woolston teaches wherein said offering of step b) is carried out for a first selected, predetermined period of time, said secondary market is carried out for a second selected period of time, said second period of time is greater than said first period of time (the first and second predetermined period of time may be set by the operators of the consignment node (administrators) per their choice, see col. 6 L 35-37, “predetermined amount of time”).

It would have been obvious to one of ordinary skill in art at the time of the invention to implement this feature in Ephrati as a design choice.

Claim 102: Ephrati teaches a method of facilitating an issuer of collectibles (widgets) to manage ..the sale of collectibles of a predetermined condition, said method comprising steps of:

a) offering for sale the collectibles (Field of Invention col. 1, traders are potential purchasers of widgets and the widgets are offered in an auction which inherently runs for a period of time, see col. 6 titled (b) Constraints which recites that the widgets are offered for sale.)

b) allocating selected of the offered collectibles to selected of a potential purchasers; (see col. 6 titled (b) Constraints which describes the allocation of the fixed quantity of widgets).

Ephrati fails to teach, however, Woolston teaches,

c) creating for each of the selected purchasers a record (refer to section “the Sale” at col. 4+);

and

e) maintaining condition of the collectibles .. (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the

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collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference(see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 “condition of the card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.).

d) implementing each of steps a)-c) by a programmed computer (see Ephrati Fig. 1a and 1b Figures 1-3 Woolston which depict implementation of the respective method steps).

It would have been obvious to one of ordinary skill in art at the time of the invention to combine Ephrati and Woolston whereby specific types pf widgets such as collectibles may be offered for sale using teaching of Ephrati since as disclosed by Woolston maintaining condition of the offered widgets (i.e. collectibles) would also maintain the market value of the widgets. Furthermore, maintaining records for each purchaser is essential for billing and marketing purpose as one of ordinary can appreciate.

Regarding claim 103, Woolston teaches that condition of a collectible is relevant to the marketing and selling the collectible.

It would have been obvious to one of ordinary skill in art at the time of the invention to combine Ephrati and Woolston whereby specific types pf widgets such as collectibles may be offered for sale using teaching of Ephrati since as disclosed by Woolston maintaining condition of the offered widgets (i.e. collectibles) would also maintain the market value of the widgets. Furthermore, maintaining records for each purchaser is essential for billing and marketing purpose as one of ordinary can appreciate. Furthermore, since the marketability of collectibles impacts their value as is well known and evidenced by Woolston, recording a predetermined condition of each of the collectibles is essential to its valuation and marketability as would be recognized by one of an ordinary skill in the art.

Claims 104-107 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ephrati et al. (US Pat. 7,558,752) further in view of Woolston (US 6,266, 651)

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as analyzed in claim 102 and further in view of Lennen et al. (US 5,353,925) (hereafter “Lennen”).

In regard to claims 104-107, Whereas, Ephrati in combination with Woolston does not teach specific techniques of maintaining the conditions of the collectibles, Lennen teaches need to maintain the predetermined condition of collectibles (see Background of the Invention) which is accomplished by a variety of methods. (e.g. benign environment (see col. 1 L 47-61, col. 2 L 25-46, protective casing col. 2 L 5-24, temper evident casing (Summary of the Invention).

It would have been obvious to one of ordinary skill in art at the time of the invention to maintain the condition of the collectibles as deemed appropriate so as to maintain them in the condition most desirable and available in the market such as those enumerated in Lennen since a person of ordinary skill would have recognized availability of the various techniques as disclosed in Lennen.

Claims 115-118 and 133-136 are rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266, 651) and further in view of Lennen.

Claim 115. Woolston teaches a method of facilitating an issuer of collectibles to manage the sale and distribution of at least one collectible from a source to at least one purchaser, said method comprising the steps of:

a) offering the one collectible of a predetermined condition for sale (offering of collectibles is communicated by a consignment node to plurality of participants (customers and collectors)col. 2 electronic markets for collectible goods see col. 2 L27-57);

b) effecting the sale of the one collectible of the determined condition (see at least col. 12 L 20-24, transfer of the ownership of the collectibles);

c) and f) receiving a request of the one purchaser to distribute from the source its one sold collectible and responding to the request by encapsulating the one sold collectible, whereby the determined condition of the one sold collectible is continued to be maintained (col. 12 L 56-59, the participant elects to ship goods.., encapsulating is a choice of the seller for shipping);

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d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition of the encapsulated collectible (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the collectible nodes or the owner of the collectibles, therefore this step is inherent in Woolston reference(see col. 2 L 44-46) furthermore, specifying the condition of the collectible (col. 3 L 61-66 “condition of the card” etc.) in which the collectibles are offered inherently requires maintaining the condition while the collectibles are offered for sale.) to enabled to guarantee the condition of the collectibles, No patentable weight is given to limitation “until the one collectible is encapsulated, whereby..” since the maintaining step is performed during steps a) and b).

e) said steps a) - c) being implemented by a programmed computer ((see Figures 1-3 which depict computer implementation of the method).

f) receiving a request the one purchaser to distribute from the source its one sold collectible;

(see col. 12 L 55-59, shipment).

Woolston fails to explicitly teach that the request of the purchaser is responded to by encapsulating the sold collectible per step c).

Lennen teaches need to maintain the predetermined condition of collectibles by various techniques including encapsulating (see Abstract Background of the Invention, and Summary of the Invention).

It would have been obvious to one of ordinary skill in art at the time of the invention to respond to the request to distribute the sold collectible by encapsulating it to solve the problems enumerated in Lennen.

Claim 116. wherein the step d) of maintaining keeps the plurality of collectibles at the source in a protective environment, whereby their conditions are maintained (Woolston long term storage, col. 17 L 60 – col. 18 L 5, see Lennen analysis in claim 115).

Claim 117. wherein the request of the one purchaser alternatively directs that the one sold collectible be distributed from the source to the one purchaser or the sold collectible is kept in its determined condition at the source (col. 12 L 59-66, leave the good at the consignment node, see Lennen analysis in claim 115).

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Claim 118. further including the step of alternatively maintaining the collectibles at the source in a protective environment after the sale of the one collectible or encapsulating the one collectible after its sale, whereby the plurality of collectibles are maintained at their determined conditions, whether they are kept at the source or distributed to the one purchaser (long term storage, col. 17 L 60 – col. 18 L 5, see Lennen analysis in claim 115).

Regarding claim 133 Woolston teaches a method of facilitating an issuer of collectibles to manage the sale of at least one collectible from a first purchaser to a second purchaser, said method comprising the steps of

- a) initially determining the condition of the one collectible (see Figure 13, Description of Item being offered for sale)
- b) facilitating the first purchaser to offer its one collectible for sale;
(see Figure 13, Description of Item being offered for sale)
- c) constructing a data base with first and second records respectively for the first and second purchasers;
(see description of Fig. 13 at col. 15 L 57- col. 16 L 40)
- d) transferring the ownership of the one collectible from the first purchaser to the second purchaser by deleting the one collectible from the first record and adding the one collectible to the second record;
(see Col. 18 L 63 - Col. 19 L 15, transferring legal title and “transfers of ownership” at col. 5 L 24-35)
- e) said steps b) - d) being implemented by a programmed computer; and
(see col. 3 L 35-52)

Woolston fails to explicitly teach Lennen teaches need to maintain the predetermined condition of collectibles by various techniques (see Abstract Background of the Invention, and Summary of the Invention).

It would have been obvious to one of ordinary skill in art at the time of the invention to have the condition of the collectible at least during the step b) because this would ensure completion of sale to the satisfaction of the purchaser.

Claim 134. wherein step f) keeps the one collectible in the

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benign environment during at least steps b), c) and d) (long term storage facility, Col. 17 L 2- Col. 18 L 5).

Claim 135. wherein step d) further transfers the ownership of the one sold collectible from the second purchaser to a third purchaser, and step c) further constructs the data base with a third record for the third purchaser transfer of ownership of goods, Fig. 9, Col. 18 L 63 - Col. 19 L 15, transferring legal title).

Claim 136. wherein step d) further transfers the ownership of the one collectible from the second purchaser to the third purchaser by deleting the one collectible from the second record and adding the one collectible to the third record (transfer of ownership of goods, Fig. 9, Col. 18 L 63 - Col. 19 L 15, transferring legal title)

Claims 62-69 are rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266, 651)

Claim 62: Woolston discloses a method of managing the sale of uncirculated collectibles (goods for consignment node market, see col. 10 L 29-32) and maintenance of the collectibles in their uncirculated condition in a protective environment, said method carried out on a programmed computer (see Figure 1 and 3) to effect the following steps:

a) inputting to the programmed computer data as to the identity of a plurality uncirculated collectibles maintained in the protecting environment to keep the maintained collectibles in their uncirculated condition;
(col. 2, L 30-40, refer to “electronic markets for collectible goods” and col. 9 L 66- col. 10 L 32 which teaches procedure to “build a database of goods” by inputting data regarding identity of the goods (uncirculated collectibles). Note the posting is described for each good and repeated for a plurality of goods or collectibles.

b) communicating and initial offering for sale of the uncirculated collectibles to prospective purchasers;

(refer at least to an auction process described at col. 10 L 40-46 which recites an offering of items and database of goods to be auctioned to auction participants who are prospective buyers)

c) receiving and accepting a plurality of received orders whereby corresponding purchasers purchase the uncirculated identified collectibles; (see col. 10 L 40-46 the process of successively offering the goods to the auction participants 258 from whom the orders (bids) for the goods are received and accepted)

and

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- d) communicating with each of the purchasers who has purchased uncirculated collectibles a message prompting each purchasers to effect selected of the following:
- i. to keep their purchased uncirculated identified collectibles in the protective environment;
 - ii. offer for sale on the secondary market to the prospective purchasers the uncirculated identified collectibles that had been purchased on the primary market, and
 - iii. forward the uncirculated identified collectibles to the corresponding one of the purchasers.

(refer to col. 5 L 29-54, the participants is presented with the choice..)

Woolston fails to teach the specifics of the message. However, the claim recites the content of the message as “non-functional” descriptive material since the content of the message itself does not alter the manipulative steps.

None of the steps performed by the program on the server depend upon the aforementioned content of the claim. Therefore, the content of the message is treated as non-functional limitation or as non-functional descriptive material since it is not functionally involved in the steps recited. The inputting, communicating, receiving and accepting steps would be performed the same regardless of the limitation. Thus, this non-functional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carryout the recited inputting, communicating, receiving and accepting steps per claimed invention because such data (the terms “initial offering” and “determined condition”) do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Claim 63. upon acceptance of the order ..data reflected of the accepted is stored in a memory. (see at least col. 12 45-48, ownership entry).

Claim 64. There is included a memory comprising a plurality of storage locations and upon acceptance of an order from a particular purchaser a corresponding one of the storage locations is dedicated to the particular purchaser and the data reflective of the accepted order is stored in the corresponding storage location (see at least col. 12 45-48, ownership entry).

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Claim 65. Each of the storage location stores the purchasing activity of its purchaser (see at least col. 12 45-48, ownership entry).

Claim 66. There is further included the step of updating the purchasing activity of its purchaser in response to the purchase (see at least col.14 L 12+ “transactions on buying and selling of goods”, Col. 19 L 36-46 refer to tracking of participant accounts).

Claim 67. responding to an instruction from a particular purchaser to communicate with each of the prospective purchaser an offer to sell on the secondary market the uncirculated collectibles.

(col. 12 L 60-61 “re-post the good or collectible”)

Claim 68. Prompting each search purchaser to alternatively request that its uncirculated collectibles be forwarded to the corresponding purchaser.

(col. 12 L 55-59 “the participant has elected to ship goods”)

Claim 69. Woolston teaches a method of managing a server (to support a plurality of purchasers to transmit from corresponding remote stations over a network to the server orders for uncirculated collectibles and protective environment to receive and maintain the uncirculated collectibles in their uncirculated condition), the method carried out by the programmed server to effect the steps as follows:

a) generating and transmitting from the server an initial offering for sale the uncirculated collectibles to prospective purchasers (refer at least to an auction process described at col. 10 L 40-46 which recites an offering of items (uncirculated collectibles) and database of goods to be auctioned to auction participants who are prospective buyers, note that the term “initial offering” is treated as inherent to the auction in which the collectibles are auctioned for the first time, refer also to process of auctioning the goods (uncirculated collectibles) as explained in detail);

b) receiving and accepting a plurality of received orders from corresponding ones of the ordering purchasers whereby corresponding purchasers purchase the uncirculated collectibles;

(see col. 10 L 40-46 the process of successively offering the goods to the auction participants 258 from whom the orders (bids) for the goods are received and accepted)

and

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c) generating and transmitting from the server to each of the purchasers...messages [prompting these purchasers to effect selected of the following:

Woolston fails to teach the specifics of the message. However, the claim recites the content of the message as “non-functional” descriptive material since the content of the message itself does not alter the manipulative steps.

None of the steps performed by the program on the server depend upon the aforementioned content of the claim. Therefore, the content of the message is treated as non-functional limitation or as non-functional descriptive material since it is not functionally involved in the steps recited. The process of generating, transmitting, etc. would be performed the same regardless of the limitation. Thus, this non-functional descriptive material (content of the message) will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983), *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to carryout the recited process steps per claimed invention because such data do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

Allowable Subject Matter

1. Claims 59-61, 70, 73-101, 110-114, 119-122, 131-132, 137-141 are allowed over the prior art.
2. Claims 34, 41, 43-45, 47-48, and 108-109 are objected to as being dependent upon a rejected base claim, but would be allowable over the prior art if rewritten in independent form including all of the limitations of the base claim and any intervening claims.
3. Note that the final allowance of the claims are subject to acceptable resolution of any rejections identified under 35 USC 101 and 112(second).

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAGDISH PATEL whose telephone number is (571) 272-6748. The examiner can normally be reached on Monday – Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, **KRAMER JAMES A** can be reached on **(571)272-6783**. The fax phone number for the organization where this application or proceeding is assigned is **571-273-8300**.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

/JAGDISH N PATEL/

Primary Examiner, Art Unit 3693